

**CONFIDENTIAL**

Chief, Contact Division

22 November 1949

Legal Staff

Tax Deductions For Corporations Assisting The Contact Division:

1. Your memorandum of 15 November 1949 requested an opinion regarding the possibility of an employer taking tax deductions for time spent by his employees in answering questions of the Contact Division.

2. We have been informally advised by the Bureau of Internal Revenue that it may be possible for an employer to successfully claim a business deduction for the services indicated. This would be a business deduction rather than a contribution to the U. S. Government. It is assumed, of course, that his employees receive their full salary during the time they are cooperating with CIA.

3. We believe the question should be referred to I & S; and, in the event there is no particular security problem presented, the employer should be advised to consult his personal tax counsel in the matter.